

Message Text

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PAGE 01 VIENNA 02161 131009Z

21

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-03 H-02 INR-07 L-02 NSAE-00

NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 EB-07 COME-00

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FM AMEMBASSY VIENNA

TO SECSTATE WASHDC 5083

INFO AMEMBASSY BERN

SECDEF WASHDC

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C O N F I D E N T I A L VIENNA 2161

E.O. 11652: GDS

TAGS: MASS, BEXP, AU, SZ, SW

SUBJECT: COUNTRY TEAM ASSESSMENT OF PROSPECTS FOR F-5

SALES IN AUSTRIA

1. SUMMARY: WE SEE NO PROSPECT FOR SALE OF F-5'S IN AUSTRIA AT LEAST UNTIL AFTER PARLIAMENTARY ELECTIONS DUE IN OCTOBER 1975. PROSPECTS BEYOND THAT TIME ARE DIFFICULT TO ASSESS DUE TO FACTORS OUTLINED BELOW. HOWEVER, WE JUDGE CHANCES SUFFICIENTLY GOOD TO WARRANT SUSTAINED AND STEADY EFFORTS ON BEHALF OF THE F-5. END SUMMARY.

2. SENIOR AUSTRIAN DEFENSE OFFICIALS WANT VERY MUCH TO REPLACE THEIR ANTIQUATED SAAB FIGHTER AIRCRAFT WITH MORE MODERN PLANES. THE SAME OFFICIALS REGARD F-5 AS BEST PLANE AVAILABLE. HOWEVER, PURCHASE OF THIS MAGNITUDE WILL BE MADE ONLY UPON DECISION OF HIGHEST LEVELS OF GOA, INCLUDING CHANCELLOR. INEVITABLY POLITICAL CONSIDERATIONS WILL PLAY A PART; NOT ONLY CONSIDERATION OF DOMESTIC POLITICS BUT ALSO FOREIGN POLICY IMPLICATIONS WILL HAVE TO BE CAREFULLY WEIGHED BY ANY AUSTRIAN GOVERNMENT.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 VIENNA 02161 131009Z

3. SHORT-TERM PROSPECTS FOR AN F-5 SALE TO AUSTRIA

DURING 1975 ARE NOT FAVORABLE. AUSTRIANS HAVE NOT YET EVEN SET UP FORMAL MECHANISM FOR EVALUATING NEW AIRCRAFT, AND ARE MUCH FURTHER BEHIND SWISS IN CONSIDERING F-5. FURTHER INHIBITING FACTOR IS NATIONAL ELECTIONS, SCHEDULED FOR OCTOBER OF THIS YEAR. ANY DECISION PRIOR TO ELECTIONS WOULD BECOME MAJOR CONTROVERSIAL TOPIC WITHIN AUSTRIA, BOTH ON ECONOMIC AND POLITICAL GROUNDS. FINANCE MINISTER IS ALREADY UNDER HEAVY FIRE BECAUSE OF SHORTFALL IN TAX RECEIPTS AND RECORD DEFICIT. POLITICALLY, AN EARLY DECISION WOULD ALSO GENERATE CONTROVERSY, SINCE ISSUE OF WHAT KIND OF DEFENSIVE POLICY COUNTRY SHOULD HAVE IN VIEW OF ITS NEUTRALITY WOULD BE INJECTED INTO CAMPAIGN. THUS WE SEE NO POSSIBILITY FOR AUSTRIAN DECISION ON THIS MATTER UNTIL AFTER FALL ELECTIONS.

4. IN POST-ELECTION PERIOD, PROSPECTS FOR SALE WILL DEPEND UPON ECONOMIC SITUATION AS WELL AS GENERAL POLITICAL SITUATION WITHIN AUSTRIA AND IN EUROPE. SHOULD CSCE CONCLUDE WITH SUMMIT SANCTIONING PRESENT BOUNDARIES IN EUROPE, WHICHEVER GOVERNMENT IS THEN IN POWER IN AUSTRIA MAY WELL CONCLUDE THAT SUCH EXPENSIVE WEAPONRY IS NOT WARRANTED AND THAT RESULTS OF THE CONFERENCE ITSELF WILL HAVE SUFFICIENTLY ENHANCED AUSTRIAN SECURITY. SHOULD MBFR TALKS ALSO LEAD TO SOME PROGRESS IN REDUCING WARSAW PACT FORCES ON AUSTRIAN'S EASTERN BORDERS, THIS TOO WOULD BE A DEVELOPMENT MITIGATING AGAINST AUSTRIAN DECISION TO BUY MODERN FIGHTER AIRCRAFT.

5. ON OTHER HAND, SHOULD NEITHER CSCE NOR MBFR APPEAR TO BE HEADING TOWARD RESULTS, OR IF THE GENERAL SECURITY SITUATION IN EASTERN EUROPE SHOULD BEGIN TO DETERIORATE (POSSIBLY AS RESULT OF NEW SITUATION IN YUGOSLAVIA OR FOR OTHER REASONS), THERE MIGHT THEN DEVELOP SUFFICIENT PUBLIC DEMAND IN AUSTRIA FOR CREDIBLE AIR ARM IN SPITE OF MAJOR EXPENSE INVOLVED.

6. BECAUSE OF THESE IMPONDERABLES, IT IS DIFFICULT AT THIS TIME TO MAKE MEANINGFUL ASSESSMENT OF A MEDIUM AND LONG-TERM PROSPECTS FOR SALE OF F-5'S. IF, HOWEVER, SWISS BUY F-5'S, SUCH MOVE WILL CERTAINLY ENHANCE POSSIBILITIES FOR AUSTRIAN PURCHASE OF SAME AIRCRAFT, ASSUMING THAT TWO COUNTRIES COULD ENGAGE IN TECHNICAL COOPERATION AND POOLING EFFORTS WHICH WOULD

CONFIDENTIAL

PAGE 03 VIENNA 02161 131009Z

MAKE SERVICING OF AIRCRAFT AND TRAINING LESS EXPENSIVE. AUSTRIAN DECISION TO BUY DC-9 FOR ITS CIVILIAN AIRLINE WAS HEAVILY INFLUENCED BY FACT THAT SWISS HAD OPTED ALSO FOR DC-9. FACT THAT SWISS AIR AND AUA HAVE SAME AIRCRAFT AND COMMON TRAINING AND REPAIR FACILITIES HAS MADE DC-9 VENTURE PROFITABLE FOR BOTH CARRIERS. PROSPECT OF SIMILAR ARRANGEMENTS WITH COMMON FIGHTER AIRCRAFT WOULD BE VERY ATTRACTIVE.

7. MOREOVER, AUSTRIAN DECISION TO BUY SAME PLANE AS SWISS WOULD BE EASIER TO JUSTIFY TO AUSTRIAN PUBLIC (AS WELL AS SOVIET UNION) FROM STANDPOINT OF AUSTRIAN NEUTRALITY, AS SWITZERLAND HAS SOLID, LONG-STANDING REPUTATION AS A NEUTRAL AND IS IN MANY WAYS MODEL FOR AUSTRIAN NEUTRALITY. SOVIETS HAVE THEMSELVES RECOGNIZED SWISS-TYPE NEUTRALITY AS MODEL FOR AUSTRIA.

8. ANOTHER NEUTRAL NOT TO BE OVERLOOKED IN CONNECTION WITH POSSIBLE SALE OF MILITARY AIRCRAFT TO AUSTRIA IS SWEDEN. PRESENT AUSTRIAN SOCIALIST GOVERNMENT AND PARTICULARLY CHANCELLOR KREISKY PERSONALLY HAVE CLOSE TIES WITH SWEDISH SOCIAL DEMOCRATIC GOVERNMENT UNDER PALME. RECENT ARTICLE IN VIENNA'S INDEPENDENT DAILY "DIE PRESSE" SUGGESTED THAT, AS A TYPICAL "AUSTRIAN SOLUTION" ON AN INTERIM BASIS, CONSIDERATION MIGHT BE GIVEN TO LEASING FROM SWEDEN SOME OF ITS OLDER SAAB (DRAKKEN) AIRCRAFT PENDING A DELIVERY OF THE NEW VIGGEN MODELS IN 1980.

9. FINALLY, IT COULD NOT BE RULED OUT THAT AUSTRIA MIGHT OPT FOR A NON-DECISION TO AVOID HAVING TO FACE UP TO HARD CHOICE OF AIRCRAFT.

10. SINCE FRENCH ARE IN THE COMPETITION, THERE ARE OTHER CONSIDERATIONS UNRELATED TO AIRCRAFT SALES WHICH COULD ENTER INTO THE GOA DECISION. AS MEMBER OF EC, WITH WHICH AUSTRIA HAS FREE TRADE AGREEMENT, FRANCE IS IN A POSITION TO BRING PRESSURE ON GOA ON TRADE OR OTHER ISSUES OF VITAL IMPORTANCE TO AUSTRIA. EC IS AUSTRIA'S CHIEF TRADING PARTNER.

11. IN SUM, COUNTRY TEAM SEES NO SHORT-TERM PROSPECTS FOR AUSTRIAN DECISION ON AIRCRAFT PURCHASE AT LEAST UNTIL AFTER 1975 FALL ELECTIONS. ON OTHER HAND, MEDIUM AND LONG-TERM PROSPECTS ARE SUFFICIENTLY GOOD TO WARRANT CONTINUED, STEADY
CONFIDENTIAL

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PAGE 04 VIENNA 02161 131009Z

EFFORTS ON BEHALF OF F-5 SALES.MOWINCKEL

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